

## Message Text

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44

ACTION EA-14

INFO OCT-01 ADP-00 PM-07 NSC-10 SS-15 RSC-01 CIAE-00

DODE-00 INR-10 NSAE-00 PA-03 USIA-12 PRS-01 NSCE-00

H-02 OMB-01 SY-10 M-03 A-01 EB-11 L-03 COME-00 SCI-06

STR-08 RSR-01 /120 W

----- 129306

R 050950 Z JUL 73

FM USLO PEKING

TO SECSTATE WASHDC 364

INFO AMCONSUL HONG KONG

AMEMBASSY TAIPEI

AMEMBASSY TOKYO

C O N F I D E N T I A L PEKING 0473

E. O. 11652: GDS

TAGS: PFOR, EGEN, CH

SUBJ: JULY 4 RECEPTION IN PEKING

1. FIRST OFFICIAL U. S. FUNCTION IN PEKING SINCE 1949 WENT OFF SMOOTHLY. AFTER PROTOCOL DEPARTMENT OFFICIALS ASCERTAINED THAT MARINES WERE NOT IN UNIFORM ( PEKING 0465), SOME EIGHTY CHINESE GUESTS LED BY VICE FONMIN CH' IAO KUAN- HUA ARRIVED. FOR ONE LIVELY BUT HUMID HOUR THEY MINGLED WITH SENATORS, CONGRESSMEN, USLO MEMBERS, HIGH ENERGY PHYSICISTS, GENERAL ELECTRIC REPRESENTATIVES, AND VISITING SCHOLARS. AFTER BRIEF TOASTS TO THE LEADERS OF BOTH GOVERNMENTS AND THE FRIENDSHIP BETWEEN THE TWO PEOPLES, THE GATHERING MELTED AWAY PROMPTLY AT 7:05 P. M. LOCAL PRESS ( PEOPLE' S DAILY AND KUANGMING DAILY) CARRIED BRIEF ANNOUNCEMENT OF RECEPTION, AND LISTED SENIOR PRC OFFICIALS PRESENT.

2. TRADE AND ECONOMIC OFFICIALS. VICE MINISTER OF FOREIGN TRADE LI CH' IANG, VICE CHAIRMAN OF THE CHINA COUNCIL FOR THE PROMOTION OF INTERNATIONAL TRADE ( CCPIT) LI CH' UAN AND PEOPLE' S  
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BANK OF CHINA DEPUTY DIRECTOR TS' UI P' ING ATTENDED, ACCOMPANIED BY NUMEROUS OTHER MFT AND CCPIT PERSONNEL INCLUDING THE GENERAL MANAGERS OR DEPUTY GENERAL MANAGERS OF ALL STATE TRADING CORPORATIONS. CONVERSATIONS WITH THESE OFFICIALS WERE RELAXED AND FRIENDLY, THOUGH LITTLE OF SUBSTANCE EMERGED. SEVERAL SENATORS AND CONGRESSMEN JOINED IN. CONGRESSMAN PETTIS, FOR EXAMPLE, STRESSED HIS ROLE IN DRAFTING TRADE LEGISLATION TO AUTHORIZE MFN TARIFF

TREATMENT FOR CPR. NOT UNEXPECTEDLY, THOSE CHINESE PRESENT EXPRESSED STRONG INTEREST, STATING THAT MFN TREATMENT WOULD LEAD TO FURTHER EXPANSION OF SINO- U. S. TRADE. PETTIS REPLIED HE WAS PLEASED TO BE WORKING TOWARD THIS END. ONE MFT OFFICIAL WHO ATTENDED MR. BRUCE'S INTRODUCTORY CALL ON FOREIGN TRADE MINISTER PAI HSIANG- KUO CONFIRMED AGAIN THE SINO- U. S. TRADE FIGURES GIVEN BY PAI AT THAT TIME ( PEKING 0203). MACHINERY CORPORATION OFFICIALS ASKED POLITELY IF U. S. STILL HAS EXPORT CONTROLS, BUT INDICATED UNDERSTANDING OF REASON FOR CONTROLS AND NOTED WITH APPARENT APPRECIATION THAT CONTROLS HAD BEEN GREATLY REDUCED OVER PAST TWO YEARS. NOTABLY, THE MAIN U. S. BUSINESS PRESENCE WAS A GENERAL ELECTRIC TEAM, HERE TO DISCUSS NUCLEAR POWER PLANTS.

3. POLITICAL CONVERSATIONS. SENATOR MAGNUSON EXPLAINED TO VICE FOREIGN MINISTER CH' IAO HOW STRONGLY HE DESIRED A MEETING WITH PREMIER CHOU. CH' IAO WAS UNDERSTANDING BUT PREDICTABLY NONCOMMITTAL, FROM WHAT USLO OFFICERS COULD GATHER. CONGRESSMAN

MCFALL EXPRESSED CONCERN TO CCPIT VICE CHAIRMAN LI CH' UAN AS HAD SENATOR MAGNUSON TO CH' IAO KUAN- HUA OVER THE DIFFICULTIES PRCLO WAS HAVING IN OBTAINING SUITABLE QUARTERS AND PLEDGED TO TRY TO HELP WHEN HE RETURNED TO THE UNITED STATES.

4. OTHER GUESTS. OTHER RANKING CHINESE OFFICIALS INCLUDED SPORTS COMMISSION CHAIRMAN WANG MENG, ACADEMIA SINICA VICE PRESIDENT WU YU- HSUN; ASSISTANT FONMINS CHANG WEN- CHIN AND WANG HAI- JUNG; VICE PRESIDENT OF THE CHINESE PEOPLE'S INSTITUTE FOR FOREIGN AFFAIRS CHOU CH' IU- YEH AND A HOST OF OTHERS FROM THE FOREIGN MINISTRY, DIPLOMATIC SERVICES BUREAU AND THE SPORTS FEDERATION. CONTRARY TO EXPECTATION, MANY DRANK MAO TAI IN PLENTIFUL QUANTITIES.

5. ALTHOUGH THE WORD HAD BEEN PASSED THAT ALL AMERICAN CITIZENS RESIDENT IN THE CAPITAL WOULD BE WELCOME, ONLY THE CONFIDENTIAL

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AGED EX- MISSIONARY ANNIE HSIAO SHOWED UP.

6. COMMENT: THE JULY 4 RECEPTION WAS A SIGNIFICANT SYMBOL OF THE RETURN OF AN AMERICAN OFFICIAL PRESENCE TO PEKING. THE CHINESE CLEARLY UNDERSTOOD THIS AND GRACED THE OCCASION WITH

A SUITABLE NUMBER OF HIGHLY PLACED OFFICIALS. THAT  
THEY HAD A GOOD TIME AND WILL PROVIDE A POOL OF USEFUL  
CONTACTS FOR FUTURE OPERATIONS ARE EXTRA DIVIDENDS FROM WHICH  
USLO WILL BENEFIT.  
BRUCE

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